

HSBC Portfolios

World Selection 1

Monthly report 31 December 2023 | Share class AC



Investment objective

The Fund aims to provide long-term capital growth and income by investing in a portfolio of bonds and shares. The Fund seeks to apply a low risk investment strategy.



Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, at least 90% of the Fund's exposure is to bonds, shares and alternative investment strategies. The Fund gains exposure to bonds that are investment grade, non-investment grade and unrated issued by the government, government-related entities, supranational entities and companies based in developed markets and emerging markets. The bonds can be denominated either in US dollar (USD), other developed markets currencies hedged into USD, or in emerging markets currencies. The Fund gains exposure to shares issued by companies of any size. The Fund may invest up to 100% in other funds although this investment will normally be between 25% and 75%. The Fund can have an exposure to bonds (or other similar securities) of up to 100% of its assets. The exposure to shares (or securities similar to shares) can be up to 25% of assets. The Fund may invest up to 20% in non-investment grade and unrated bonds, and up to 25% in alternative investment strategies. The Fund's primary currency exposure is to USD. See the Prospectus for a full description of the investment objectives and derivative usage.



Main risks

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless. The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

Share Class Details

Key metrics

NAV per Share **USD 14.47**

Performance 1 month **2.88%**

Sharpe ratio 3 years **-0.75**

Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS
(Supplementary Retirement Scheme)**

Dividend treatment **Accumulating**

Dealing frequency **Daily**

Valuation Time **10:00 Luxembourg**

Share Class Base Currency **USD**

Domicile **Luxembourg**

Inception date **20 October 2009**

Fund Size **USD 267,153,826**

Managers **Kate Morrissey**

Fees and expenses

Minimum initial investment (SG)¹ **USD 1,000**

Maximum initial charge (SG) **4.170%**

Management fee **1.000%**

Codes

ISIN **LU0447610337**

Bloomberg ticker **HSBC1AU LX**

¹Please note that initial minimum subscription may vary across different distributors

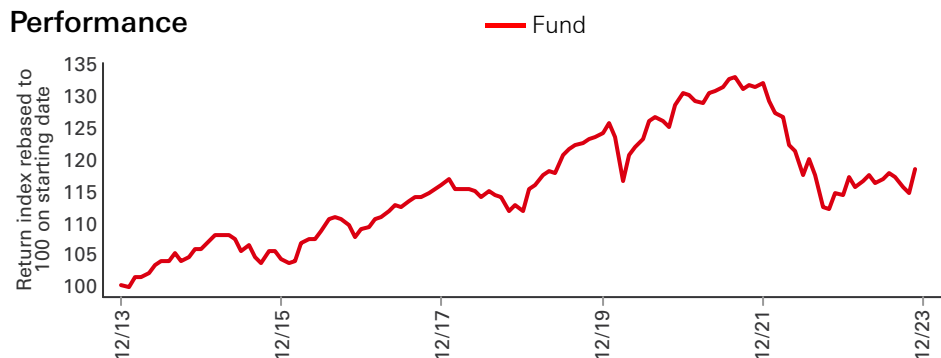
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark.

*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

This is a marketing communication. Please refer to the prospectus and to the KIID before making any final investment decisions.

Source: HSBC Asset Management, data as at 31 December 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	6.45	2.88	5.49	4.34	6.45	-2.27	1.75
AC (Net)*	2.19	-1.24	1.27	0.16	2.19	-3.60	0.92

Calendar year performance (%)	2019	2020	2021	2022	2023
AC	11.09	5.18	1.09	-13.26	6.45
AC (Net)*	6.64	0.97	-2.96	-16.73	2.19

Currency Allocation (%)

US Dollar	86.98
Pound Sterling	3.39
Euro	1.89
Japanese Yen	1.61
Mexican Peso	1.53
Indian rupee	1.01
Norwegian Krone	0.62
Zloty	0.45
Australian Dollar	0.43
Forint	0.34
Other Currencies	1.75

— Fund

Asset allocation (%)

	Fund
Global Equity	12.70
Global Government Bond	47.72
Global Corporate Bond	19.17
Global High Yield Bonds	0.83
Global Asset Backed Bonds	3.74
Emerging Market Debt - Hard Currency	1.40
Emerging Market Debt - Local Currency	1.86
Global Inflation Linked Bonds	3.75
Property	0.60
Style Factors	3.11
Trend Following	2.43
Commodities	1.68
Cash/Liquidity	0.22
Listed Infrastructure	0.80

Top 10 Holdings

	Weight (%)
HSBC GIF Global Govt Bd ZQ1	8.66
HSBC GIF Global Infl Lnk'd Bd ZQ1	3.75
HSBC GIF Global IG Sec Credit Bd ZC	3.74
HSBC GIF Multi-Asset Style Factors ZC	3.11
US TREASURY N/B 4.625 15/10/2026 USD	2.93
HSBC American Index Institutional Acc	2.56
STRUCT INV SI CRSS AST T-EU	2.43
Amundi US Curve Stpng 2-10 ETF Acc	2.34
iShares Edge MSCI USA Qual Fac ETF \$Dist	2.00
US TREASURY N/B 3.000 30/06/2024 USD	1.53

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

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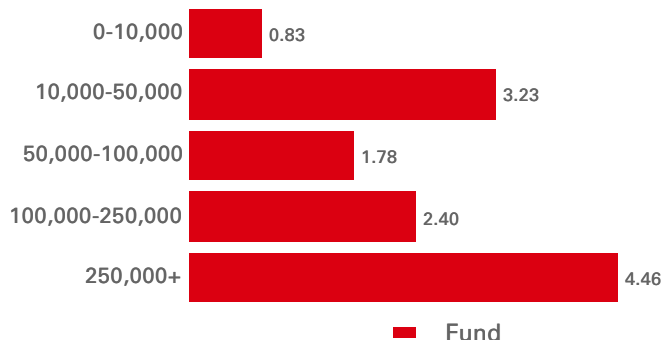
The data displayed in above sections is shown on a look-through basis. This means that the fund may not directly hold these securities and the investment in these securities may be via other funds.

Source: HSBC Asset Management, data as at 31 December 2023

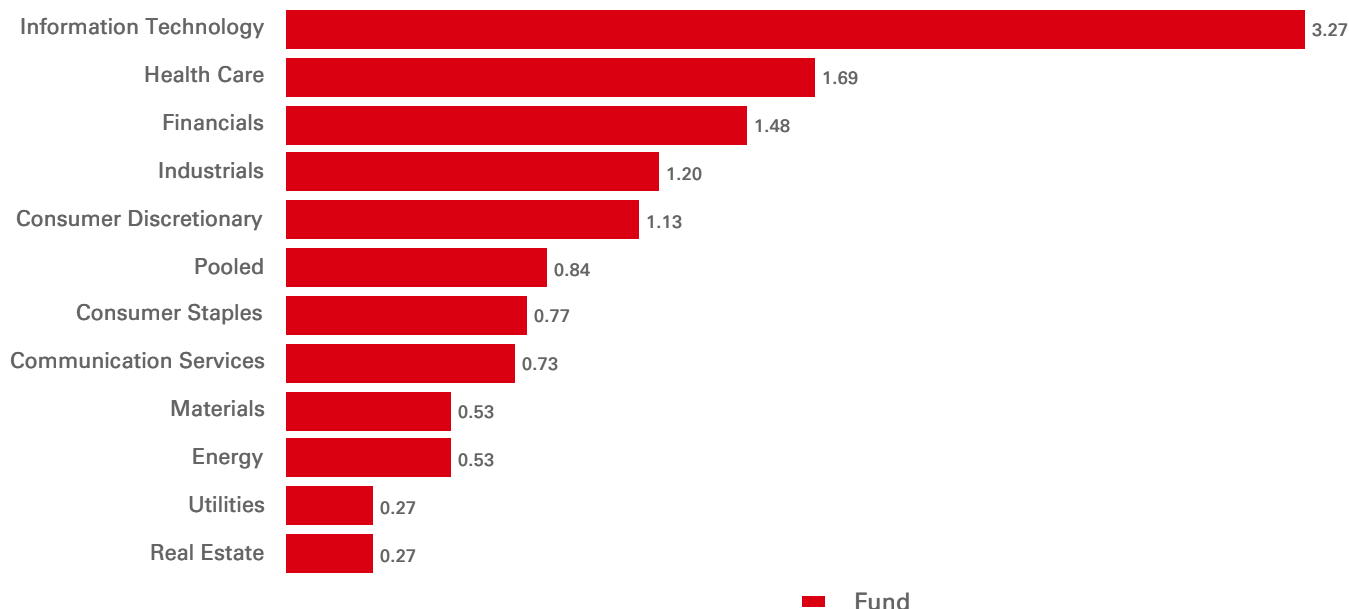
Equity top 10 holdings	Location	Sector	Weight (%)
Apple Inc	United States	Information Technology	0.64
Microsoft Corp	United States	Information Technology	0.57
NVIDIA Corp	United States	Information Technology	0.35
Alphabet Inc	United States	Communication Services	0.28
Broadcom Inc	United States	Information Technology	0.18
Meta Platforms Inc	United States	Communication Services	0.15
Amazon.com Inc	United States	Consumer Discretionary	0.14
UnitedHealth Group Inc	United States	Health Care	0.12
Shell PLC	Netherlands	Energy	0.12
Johnson & Johnson	United States	Health Care	0.11

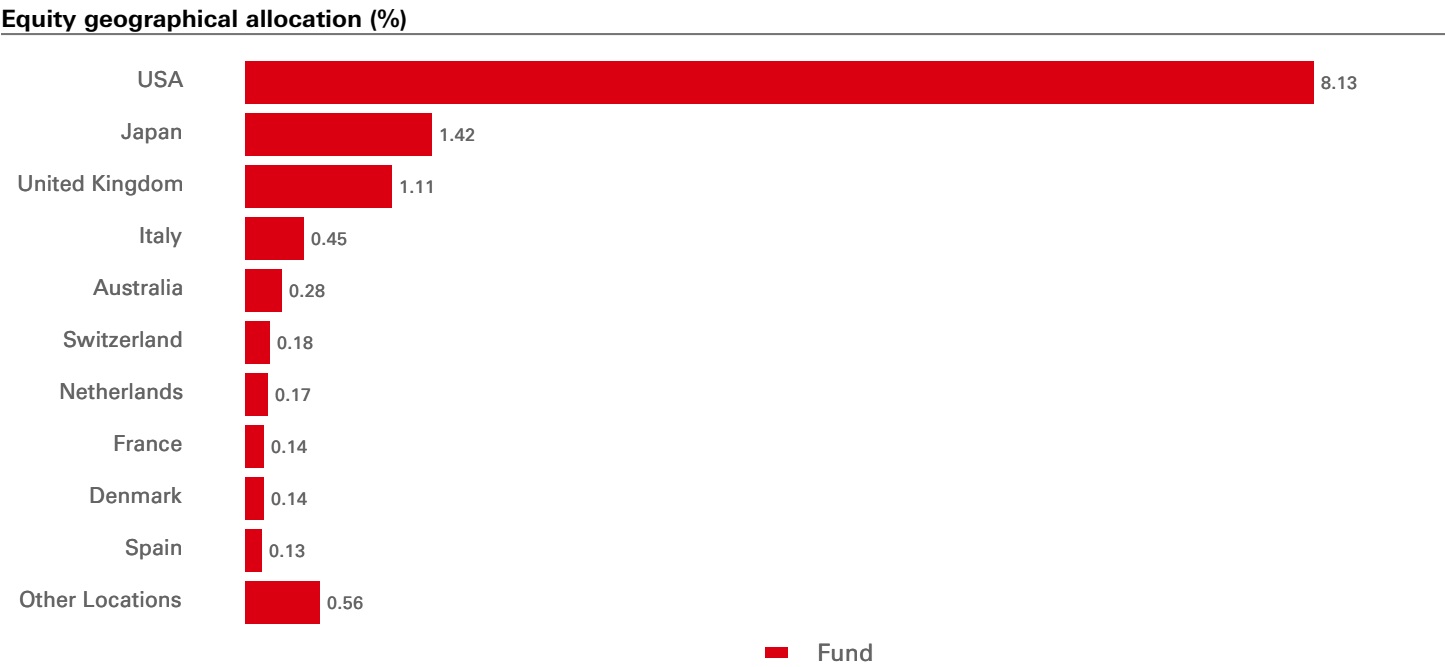
Equity characteristics	Fund	Reference benchmark
Average Market Cap (USD Mil)	517,719	--
Price/earning ratio	17.34	--
Portfolio yield	1.81%	--

Market cap allocation (USD Mil %)



Equity sector allocation (%)

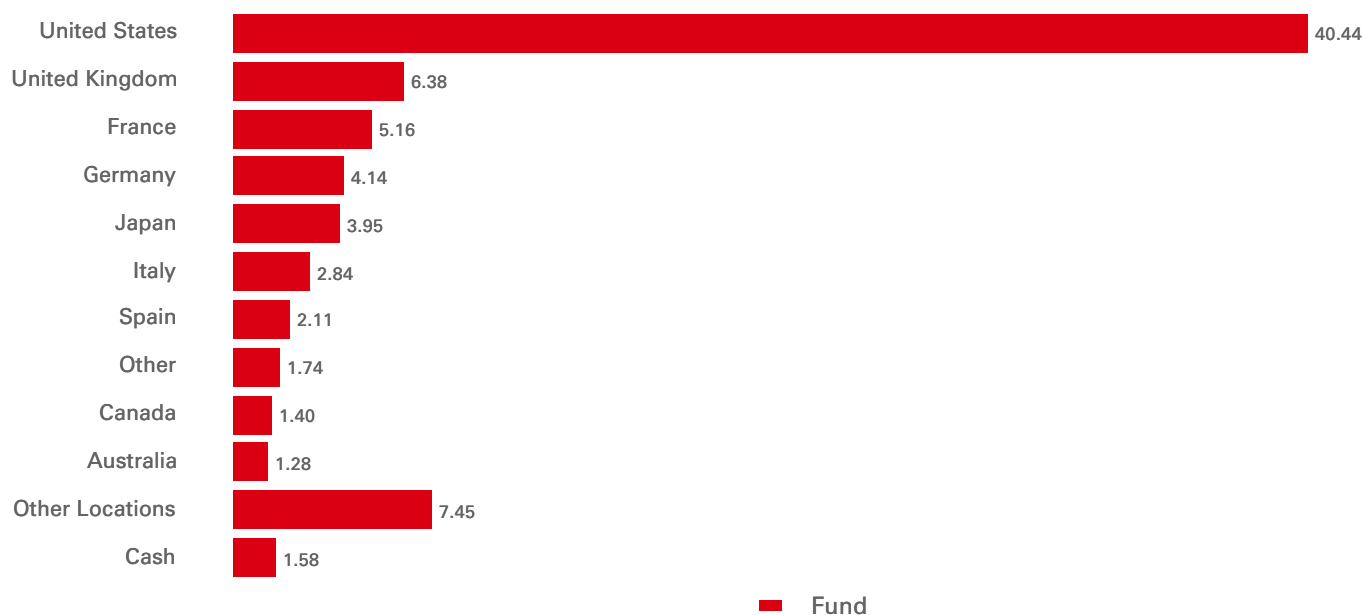




Fixed Income Characteristics	Reference			Credit rating (%)	Reference		
	Fund benchmark	Relative			Fund	benchmark	Relative
Yield to worst	4.97%	--	--	AAA	19.26	--	--
Yield to maturity	5.01%	--	--	AA	27.87	--	--
OAD	4.97	--	--	A	11.50	--	--
Rating average	A+/A	--	--	BBB	14.91	--	--
				BB	2.52	--	--
				B	0.61	--	--
				CCC	0.11	--	--
				CC	0.01	--	--
				NR	0.10	--	--
				Cash	1.58	--	--

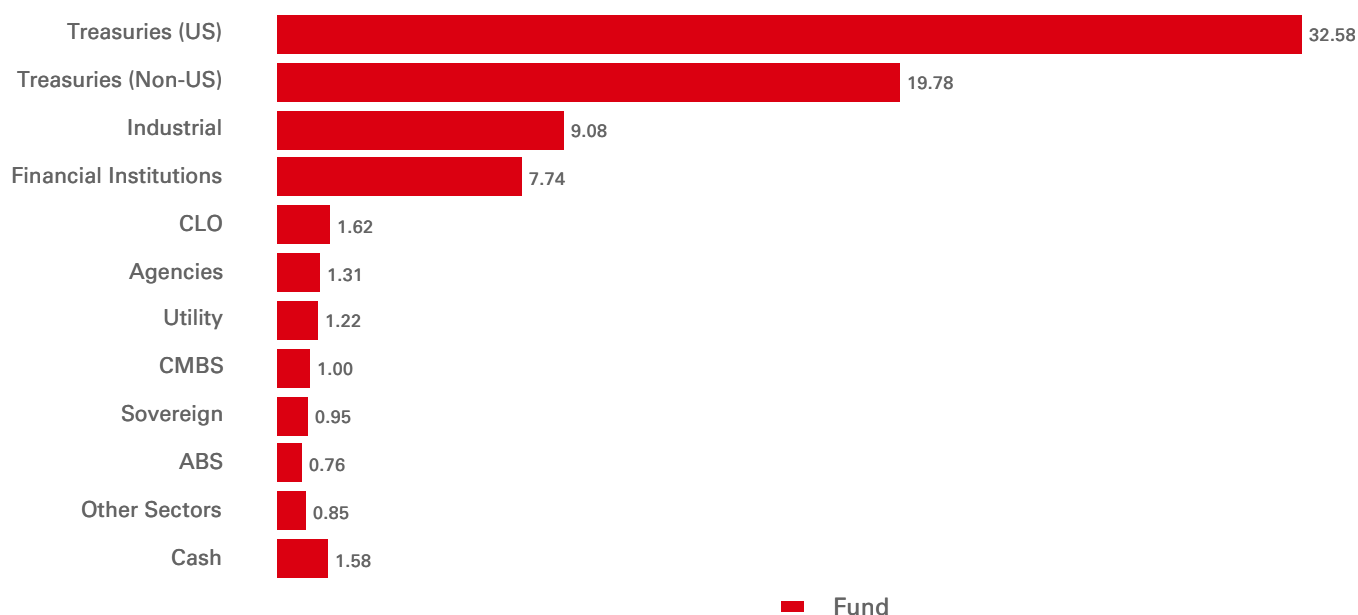
Fixed income top 10 holdings	Location	Instrument type	Weight (%)
US TREASURY N/B 3.000 30/06/2024 USD	United States	Treasury Note	1.53
US TREASURY N/B 1.750 15/03/2025 USD	United States	Treasury Note	1.48
US TREASURY N/B 1.000 15/12/2024 USD	United States	Treasury Note	1.47
US TREASURY N/B 2.500 15/05/2024 USD	United States	Treasury Note	1.43
JAPAN (5 YEAR ISSUE) 0.100 20/09/2025 JPY	Japan	Government Bond	1.22
US TREASURY N/B 2.875 15/06/2025 USD	United States	Treasury Note	1.19
US TREASURY N/B 4.250 30/09/2024 USD	United States	Treasury Note	1.15
UNITED KINGDOM GILT 3.750 22/10/2053 GBP	United Kingdom	Government Bond	1.14
US TREASURY N/B 0.750 31/08/2026 USD	United States	Treasury Note	1.05
JAPAN (2 YEAR ISSUE) 0.005 01/09/2024 JPY	Japan	Government Bond	0.95

Fixed income geographical allocation (%)



Geographical Allocation (OAD)	Fund	Reference benchmark	Relative
United States	2.88	--	--
United Kingdom	0.39	--	--
Germany	0.26	--	--
France	0.26	--	--
Japan	0.18	--	--
Australia	0.16	--	--
New Zealand	0.12	--	--
Spain	0.11	--	--
European Union	0.09	--	--
Netherlands	0.04	--	--
Other Locations	0.40	--	--
Cash	0.00	--	--

Fixed income sector allocation (%)



	3 year total return (%)	Amount based on USD 1000 invested	3 Year Volatility (%)
HSBC Portfolios - World Selection 1 AC	-2.27	933.36	5.79
Peer Group Average - EAA Fund USD Cautious Allocation	-0.64	980.82	7.04
Lowest Returning Fund in Peer Group	-4.33	875.63	1.91
Highest Returning Fund in Peer Group	6.65	1,213.20	12.32
Cash	2.72	1,083.94	0.69

HSBC Portfolios offer a choice of five different risk levels, to be selected by investors depending on factors like their financial goals, time horizon and capacity for loss. Typically, the more risk investors take, the more return they would expect to see.

At HSBC Asset Management, we measure risk by volatility – how sharply a Portfolio’s share price moves in any given time period (up or down). The higher the volatility, the higher the risk.

The table above shows the Portfolio’s return (for the primary share class or hedged currency share class) per year over the last three years (known as annualised) and the level of volatility over the same period. This can be compared against other funds in the peer group, as defined by an independent research company*.

An example of a good outcome would be that the HSBC Portfolio return is higher than the peer group’s average return and the volatility (risk taken) is lower. However investors should consider their own priorities when it comes to returns and the risk taken to achieve them.

*Morningstar Categories are used to define the peer group comprising funds they deem similar based on fund objectives and holdings. The average is a median.

Monthly performance commentary

Market Commentary

Global Equities continued rallying in December, driven by expectations for central banks to cut rates sooner than expected. Inflation prints across both US and Europe were softer over the month, and the Fed meeting in December signalled expectation of multiple policy rate cuts over 2024. As a result, US and European ex-UK equities outperformed over the month, encouraged by the softening inflation data, resilient labour markets and continuous fall in energy prices. Emerging markets delivered positive, albeit weaker returns compared to developed markets, influenced by the China markets, which was down over the month on continued growth concerns. Global Government Bonds posted strong returns in December, as yields continued falling on dovish rate projections for 2024 from the Fed. Gilts were the strongest performing market driven by a softer than expected inflation print and wage gains. Japanese yields also fell on the Bank of Japan's December decision to keep monetary policy unchanged. The US dollar weakened further over the month, on the back of the softer inflation prints and more dovish central bank compared to other G10 central banks. Euro gained against the dollar given a slightly hawkish ECB and more positive risk sentiment. Sterling gained against the dollar as Bank of England maintained a more hawkish tone, but currency still underperformed most other G10 currencies as data from the UK was weaker. In the commodity markets, oil fell over the month on concerns of oversupply from non-OPEC sources. OPEC+ hints that it would maintaining production cuts beyond the first quarter of 2024 were not enough to support the market. Gold ended the month higher, encouraged by the dovish Fed stance and the weaker US dollar.

Portfolio performance

Equity and bond markets continued to rally in December. This resulted in strong positive returns across the World Selection range, with higher risk profile funds outperforming lower risk profile funds. The World Selection portfolios are actively positioned against a long-term strategic asset allocation. During December, the cautious positioning of the portfolios detracted, with the tilt away from Equity, High Yield bonds and Property delivering negative contributions. Conversely, our preference for Government Bonds and our Gold position added value. Within intra-equity allocation, our decision to be overweight Japan detracted. Finally, our preference for Brazil and Indian equity had a strong positive contribution.

Investment Team Views and Portfolio Positioning

There are three key themes in markets that we are positioned to capture within the World Selection portfolios.

1. Slowing Growth in Developed Markets - We see economic activity slowing due to high interest rates and tight financial conditions. As a result, the portfolios are tilted away from growth sensitive asset classes such as Global Equity and High Yield Bonds. We maintain an underweight to Property, given the potential negative impact of higher financing costs. We also maintain an underweight to Emerging market equity exposure, in anticipation of slowing export demand as the developed world enters a slowdown. The portfolios hold a preference for government bonds as they tend to outperform when growth turns negative, additionally yields are currently at very appealing levels. We maintain a US curve steepening position; as the Fed approaches peak rates, we expect shorter dated bond yields to fall. We are tilting towards Technology companies within the US equity market on expectations that increased demand for Artificial Intelligence will support revenues and result in resilient performance despite slowing economic growth. Finally, we hold a preference for UK equity given attractive valuations, strong return on equity, and robust relative performance.


2. Bumpy disinflation - We expect inflation to continue falling over the next 12 months. We therefore continue to favour Quality companies in the US; our expectation is that the pricing power wielded by these companies will ensure profits remain resilient even as inflation increases their costs. We hold a preference for European Healthcare over broad European equity given its high quality, and tendency to outperform towards the end of the rate hiking cycle. We remain selective within our bond holdings, and currently have a preference towards Treasuries, given the US's positive progress towards controlling inflation and in anticipation of the Fed cutting rates in Q2 next year. We also continue to hold an overweight to UK Gilts, given the highly attractive carry available from the bonds. We maintain a position in Gold, given the heightened level of market risk and Gold's tendency to outperform as real rates fall. We also hold an overweight to broader Commodities. We are underweight the US dollar on the currency's high valuations as well as an expectation of narrowing spreads between US and DM ex-US interest rates. We hold a preference for Swiss Franc, Euro and Sterling given their attractive valuations and strong momentum. We hold an overweight to the Krone versus Euro, as Norwegian inflation remains stickier than in Europe and the Norges Bank maintains a more hawkish stance. We also maintain a position in Polish Zloty against Euro, given strong consumer sentiment, tight labour market and central bank hawkishness, with inflationary pressures from real wages rising at faster rate than in Eurozone.

3. Divergence between East and West - While Western economies face slowing GDP growth and sticky inflation, the economic backdrop in Eastern markets such as India and Japan is stronger. Additionally, more accommodative monetary policy settings and room for fiscal support in the East, make these markets appealing. We maintain a number of positions to gain access to the specific opportunities we see in Eastern markets: Japan versus developed market equity, given attractive valuations, strong flows from foreign investors, improved corporate governance, and weakening Yen supporting exports; Indian equity versus broad emerging market equity (complementing our Indian government bond position). India remains one of the fastest growing economies globally (real GDP growth of 7.0% YoY as at end July 2023), is making steady productivity improvements, has high foreign direct investments, and favourable demographics; Brazil versus emerging market equity given the country's positive momentum, strong macroeconomic backdrop, and attractive fundamentals.

Risk Disclosure

- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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Glossary



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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC EUR	2.24	1.08	0.57	2.50	2.24	1.11	2.34
AC EUR (Net)*	-1.85	-2.97	-3.46	-1.60	-1.85	-0.25	1.51
AC GBP	0.48	1.99	0.83	3.88	0.48	-0.18	1.61
AC GBP (Net)*	-3.54	-2.09	-3.21	-0.28	-3.54	-1.53	0.79
AC SGD	4.15	1.49	1.75	1.50	4.15	-2.42	1.00
AC SGD (Net)*	-0.02	-2.57	-2.32	-2.56	-0.02	-3.74	0.18
AC USD	6.45	2.88	5.49	4.34	6.45	-2.27	1.75
AC USD (Net)*	2.19	-1.24	1.27	0.16	2.19	-3.60	0.92
ACHSGD SGD	4.73	2.72	4.97	3.34	4.73	-2.98	0.98
ACHSGD SGD (Net)*	0.53	-1.39	0.77	-0.80	0.53	-4.29	0.16
AM USD	6.45	2.88	5.49	4.33	6.45	-2.27	1.75
AM USD (Net)*	2.18	-1.24	1.26	0.15	2.18	-3.60	0.92
AMHAUD AUD	4.66	2.75	5.04	3.47	4.66	-3.42	0.40
AMHAUD AUD (Net)*	0.47	-1.36	0.83	-0.67	0.47	-4.72	-0.42
AMHEUR EUR	3.97	2.70	4.93	3.23	3.97	-4.24	-0.61
AMHEUR EUR (Net)*	-0.19	-1.41	0.73	-0.90	-0.19	-5.54	-1.42
AMHKD HKD	6.71	2.92	5.24	4.02	6.71	-2.02	1.70
AMHKD HKD (Net)*	2.44	-1.20	1.03	-0.14	2.44	-3.35	0.87
AMHSGD SGD	4.73	2.72	4.97	3.34	4.73	-3.02	0.93
AMHSGD SGD (Net)*	0.54	-1.40	0.77	-0.79	0.54	-4.34	0.11

Calendar year performance (%)	2019	2020	2021	2022	2023
AC EUR	13.38	-4.20	9.74	-7.86	2.24
AC EUR (Net)*	8.84	-8.04	5.34	-11.55	-1.85
AC GBP	7.45	1.35	1.93	-2.88	0.48
AC GBP (Net)*	3.15	-2.71	-2.15	-6.77	-3.54
AC SGD	9.66	3.18	3.34	-13.68	4.15
AC SGD (Net)*	5.27	-0.95	-0.80	-17.13	-0.02
AC USD	11.09	5.18	1.09	-13.26	6.45
AC USD (Net)*	6.64	0.97	-2.96	-16.73	2.19
ACHSGD SGD	10.12	4.40	0.92	-13.59	4.73
ACHSGD SGD (Net)*	5.71	0.22	-3.12	-17.05	0.53
AM USD	11.07	5.18	1.09	-13.26	6.45
AM USD (Net)*	6.63	0.97	-2.96	-16.73	2.18
AMHAUD AUD	9.46	3.45	0.35	-14.21	4.66
AMHAUD AUD (Net)*	5.08	-0.69	-3.67	-17.65	0.47
AMHEUR EUR	7.34	2.89	-0.19	-15.39	3.97
AMHEUR EUR (Net)*	3.05	-1.22	-4.18	-18.78	-0.19
AMHKD HKD	10.47	4.70	1.71	-13.34	6.71
AMHKD HKD (Net)*	6.04	0.51	-2.36	-16.81	2.44
AMHSGD SGD	10.07	4.32	0.84	-13.64	4.73
AMHSGD SGD (Net)*	5.66	0.15	-3.20	-17.10	0.54

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Source: HSBC Asset Management, data as at 31 December 2023

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHSGD	SGD	--	--	--	--
AM	USD	Monthly	28 December 2023	0.031673	4.27%
AMHAUD	AUD	Monthly	28 December 2023	0.021779	3.04%
AMHEUR	EUR	Monthly	28 December 2023	0.017421	2.44%
AMHKD	HKD	Monthly	28 December 2023	0.031914	4.26%
AMHSGD	SGD	Monthly	28 December 2023	0.017945	2.51%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 October 2009	LU0447610337	USD	USD 5,000	14.47	1.000%	Accumulating
ACHSGD	2 November 2018	LU1048550328	SGD	USD 5,000	11.00	1.000%	Accumulating
AM	1 July 2014	LU1066047207	USD	USD 5,000	9.08	1.000%	Distributing
AMHAUD	1 July 2014	LU1066047462	AUD	USD 5,000	8.71	1.000%	Distributing
AMHEUR	1 July 2014	LU1066047629	EUR	USD 5,000	8.68	1.000%	Distributing
AMHKD	1 July 2014	LU1066047389	HKD	USD 5,000	9.16	1.000%	Distributing
AMHSGD	1 July 2014	LU1066047975	SGD	USD 5,000	8.69	1.000%	Distributing

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

The above table cites the last dividend paid within the last 12 months only. Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past distribution yields and payments do not represent future distribution yields and payments. Historical payments may comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x n; The calculation method of annualised yield from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$, n depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12. The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield. Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Asset Management (Singapore) Limited website.
Source: HSBC Asset Management, data as at 31 December 2023